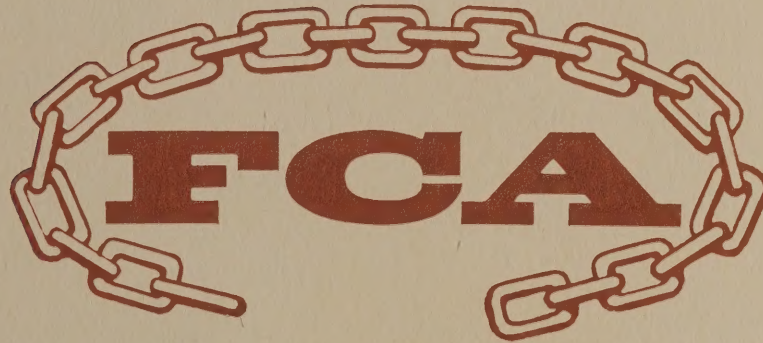


AR43

Lee

FINANCIAL COLLECTION AGENCIES LTD.



ANNUAL REPORT 1967



**FINANCIAL
COLLECTION
AGENCIES
LTD.**



F.C.A. HOUSE

DIRECTORS

Kenneth J. Bonnington

J. H. Hawke

Jack D. Lubotta

Joseph B. Lubotta

Lawrence Marks, Q. C.

Gerald R. Stephens

Gordon C. Watt

OFFICERS

Joseph B. Lubotta
Chairman of the Board

Jack D. Lubotta
President and Treasurer

Kenneth J. Bonnington
Executive Vice-President

Gerald R. Stephens
Vice-President

Lawrence Marks, Q. C.
Secretary

**REGISTRAR AND
TRANSFER AGENT**

The Royal Trust Company
*Toronto, Montreal,
Winnipeg, Vancouver*

AUDITORS

Glendinning, Jarrett, Gould & Co.
*Chartered Accountants
Montreal*

S. D. Portner, *Chartered Accountant
Montreal*

LISTED

Montreal Stock Exchange



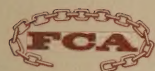
FINANCIAL COLLECTION AGENCIES LTD.

HIGHLIGHTS *For the year ended June 30, 1967* (with comparative combined figures for June 30, 1966)

	<u>1967</u>	<u>1966</u>
Accounts Accepted for Collection	\$41,000,000	\$30,000,000
Gross Revenue	\$ 3,860,452	\$ 2,992,620
Profit before depreciation and taxes	\$ 716,762	\$ 493,421
Income Taxes	\$ 334,863	\$ 225,459
Net Profit, after taxes	\$ 349,813	\$ 249,687
Net Earnings per Share	58.3¢	*
Number of Shares Outstanding	600,000	*
Total Dividends Paid since December, 1966	\$ 86,986	*
Number of Offices	44	38

***Not Comparable.**

Financial Collection Agencies Ltd. became a public company in September, 1966, its shares were listed on the Montreal Stock Exchange in December, 1966, and paid dividends in March and June, 1967.



J. B. Lubotta

CHAIRMAN'S MESSAGE

The first Annual Report to the shareholders of Financial Collection Agencies Ltd. has evolved from over forty years of operations in the collection business. FCA accumulated a history of specialized experience, knowledge, management ability and success before it accepted the responsibility and privilege of public ownership.

FCA has been serving business and industry with ever increasing success in Canada, the United States and the United Kingdom. From our first office in 1926, we had expanded to a chain of 44 FCA offices at year end, with 4 more having been opened since that date — all offering a

unique and vital service to credit grantors. New offices are constantly under consideration and when opened help to fill the continuously growing demand for our facilities.

FCA came into existence in Canada in 1926, in the United States in 1946, and in the United Kingdom in 1960.

Our experience has developed with the tides and fortunes of the modern world. FCA has witnessed the boom of the Twenties, the Great Depression, the Second World War, the post-war boom and the tightening economy of the Sixties. Now in our forty-second year, as the world embarks on its greater destiny, we too, as a public company and the leader in our field, are prepared for greater achievement in the exciting era ahead for all of us.

I trust that shareholders will regard FCA as a company in which their investment has great potential. For our part, we pledge to devote a total effort towards the constant striving for maximum service and results for our many clients, leading to continually improved financial returns for shareholders.

J. B. Lubotta

Chairman of the Board of Directors

September 1, 1967



J. D. Lubotta

PRESIDENT'S REPORT

It is a privilege to review the events of the year ended June 30, 1967 — the most successful in our history — and to outline our current and future plans for Financial Collection Agencies Ltd.

EARNINGS:

Net earnings for the year amounted to a record \$349,813 which is an increase of 40 per cent over earnings of \$249,687 for the previous year.

This increase in profits also includes absorption of substantial non-recurring costs in connection with the transition from manual to data processing equipment in our international and centralized system of accounting.

Net earnings per share amounted to 58.3 cents in 1967.

We feel it is significant to point out that gross revenue increased 29 per cent during the year, from \$2,992,620 to \$3,860,452. New business placed with us

during the year amounted to \$41,000,000, a 36 per cent increase over last year.

DIVIDENDS:

In December, 1966, the company's prospectus expressed the Directors' intention to declare and pay dividends at a quarterly rate of 6¼ cents per share. The following January, the Directors declared an initial quarterly dividend of 7 cents per share, and in April, a further increased quarterly dividend of 7½ cents per share.

Subsequent to the year end, a quarterly dividend of 8½ cents per share was declared by the Directors. This dividend is payable on September 30, 1967, to shareholders of record at the close of business September 15, 1967.

EXPANSION:

During the fiscal year, we opened six additional offices—two in Canada, three in the United States and one in England — bringing to 44 the total number of FCA offices in three countries. New offices are opened for two principal reasons: a) to establish, through geographic proximity, improved access to the debtor, and b) to subdivide the operations of an existing office where sufficient volume has been built up to warrant such a step. It can be seen, therefore, that newly opened offices are normally supplied with an adequate base volume to justify their establishment from the commencement of operations.

Since June 30, 1967, we have opened four additional FCA offices and are presently studying other locations to determine their feasibility as FCA sites.

The move of FCA's Head Office to new, modern premises known as *Edifice FCA House*, in downtown Montreal, was accomplished during this past summer. In addition to containing the executive offices and centralized accounting and administrative facilities of the Company,

this building accommodates the operations of our local Montreal branch.

OPERATIONS:

Our offices are strategically located in urban centres where consumer and business spending relies on the credit system, and where general business volumes are attractive enough to invite our active participation. FCA operational procedures are highly refined and sophisticated: great emphasis is placed throughout the organization on accuracy and the importance of detail. In the credit collection business, the most insignificant information may lead ultimately to the settlement of an account.

Our unique background and experience, as well as our corporate development and strength, put us in a position to perform a vital service for the credit community throughout three countries on two continents. By coverage alone, we are able to reach millions of consumers, and our coverage becomes more comprehensive with each new office opened. These attributes carry specific benefits, not only for our thousands of clients but ultimately for our shareholders.

MANAGEMENT:

Since the establishment of FCA we have developed management policies and practices which have propelled the Company to its present successful level. FCA has a management team of young, dynamic business executives who have been thoroughly trained in all phases of the collection business.

Comprehensive management controls are such that daily reports are received from every branch detailing each day's activities, thereby enabling management to make immediate decisions regarding the operation of each office. Our employees all are carefully screened, trained and

bonded to meet the high standards of our company.

Executive offices are maintained in Toronto, Montreal, Vancouver, Philadelphia and London, England. Resident executives are in charge of these offices and are in daily contact with branches under their responsibility.

OUTLOOK:

As national and international companies increase their business volumes, it becomes vitally important that financial collection agencies assume national and international dimensions to achieve maximum results. Inter-city and inter-country cooperation among our offices adds to the efficiency, coverage and economy of our world-wide collection service. In addition to very large accounts — oil companies, manufacturers, department stores, banks, publishers, credit card companies, governments, utilities, airlines — our clients also include universities, hospitals, doctors, dentists, retailers and virtually anyone who grants credit.

Wherever and whenever credit is granted, a cycle is established that ends with the collection function. Although many collections are routinely handled by the credit grantor, there is always a percentage that requires the skills and organization of a professional collection network. From this percentage, Financial Collection Agencies Ltd. will continue to sustain its growth and profitability on an international basis.

We acknowledge with gratitude the loyalty of our employees and the continued support of our associates and shareholders.

On behalf of the Board of Directors,

Jack D. Lubotta

September 1, 1967

President



FINANCIAL COLLEGE

(Incorporated in the State of Florida)

AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

as at December 31, 2019

ASSETS

CURRENT

Cash	\$ 608,180	
Accounts receivable, less provision of \$8,761 for doubtful accounts	295,256	
Sundry accounts receivable	<u>49,997</u>	\$ 953,433

SPECIAL REFUNDABLE TAX		11,320
------------------------------	--	--------

TRUST FUNDS

Cash		621,130
------------	--	---------

FIXED

Office equipment, leasehold improvements and automobiles at cost less accumulated depreciation and amortization of \$160,966		140,024
--	--	---------

INTANGIBLE

Goodwill	\$ 230,000	
Organization expenses, less amounts amortized	<u>3,547</u>	233,547

\$1,959,454

SIGNED ON BEHALF OF THE BOARD

J. B. Lubotta, Director

J. D. Lubotta, Director

(The notes to the financial statements are an integral part of these statements)



ON AGENCIES LTD.

(In accordance with the laws of Canada)

FINANCIAL COMPANIES

BALANCE SHEET

As at December 31, 1967

LIABILITIES

CURRENT

Accounts payable and accrued charges	\$ 74,775	
Accounts payable to director	26,467	
Liability for income taxes	<u>236,827</u>	\$ 338,069

FUNDS HELD IN TRUST FOR CLIENTS,

per contra, remitted in July, 1967		621,130
--	--	---------

MINORITY INTEREST IN SUBSIDIARY COMPANY

1,200

\$ 960,399

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Common shares without nominal or par value

Authorized: 1,000,000 Shares

Issued: 600,000 Shares

\$ 664,929

EARNED SURPLUS,

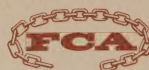
as shown by the attached statement

334,126

999,055

\$1,959,454

(This statement must be read in conjunction therewith)



FINANCIAL COLLECTION AGENCIES LTD.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 1967 (with comparative combined figures for June 30, 1966)

	<u>1967</u>	<u>1966</u>
GROSS REVENUE FROM OPERATIONS	<u>\$3,860,452</u>	<u>\$2,992,620</u>
OPERATING PROFIT for the year before providing for the undernoted	<u>\$ 851,829</u>	<u>\$ 631,538</u>
Provision for depreciation and amortization of leasehold improvements	<u>\$ 32,086</u>	<u>\$ 18,275</u>
Remuneration of directors	<u>135,067</u>	<u>138,117</u>
	<u>\$ 167,153</u>	<u>\$ 156,392</u>
Profit before provision for income taxes	<u>\$ 684,676</u>	<u>\$ 475,146</u>
Provision for taxes on income	<u>334,863</u>	<u>225,459</u>
NET PROFIT FOR THE YEAR	<u>\$ 349,813</u>	<u>\$ 249,687</u>

STATEMENT OF CONSOLIDATED EARNED SURPLUS

FOR THE YEAR ENDED JUNE 30, 1967

Balance of Earned Surplus June 30, 1966	<u>\$109,228</u>
Add: Consolidated net profit for the year	<u>349,813</u>
	<u>\$459,041</u>
Deduct: Dividends paid on Common Shares	<u>\$ 86,986</u>
Costs incurred in the course of issue of capital stock and the preparation of a prospectus less income tax reductions applicable thereto	<u>37,929</u>
	<u>124,915</u>
Balance, June 30, 1967	<u>\$334,126</u>



FINANCIAL COLLECTION AGENCIES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 1967

1. DIVIDEND RESTRICTIONS

Transfer of earnings from the United Kingdom subsidiary companies are subject to the approval of exchange control authorities. Dividend payments from the United Kingdom and the United States of America subsidiaries are subject to withholding taxes of 15 per cent on remittance to the parent company; as the amounts of these future taxes are not readily determinable, no effect has been given to any such liability in the financial statements.

2. DESIGNATED SURPLUS

Under provisions of the Income Tax Act of Canada, profits of certain subsidiaries aggregating approximately \$543,000, which were earned before acquisition, are considered part of "designated

surplus" and as such may not be paid to the parent company without attracting additional taxation of approximately one-half of such dividends.

3. SHAREHOLDERS' EQUITY

During the year under review, the previously issued 54 common shares were subdivided into 81,000 shares and 519,000 additional shares were issued in exchange for all the issued common shares of sixteen companies previously associated with and bearing similar names to Financial Collection Agencies Ltd. These subsidiaries were so acquired on September 16, 1966 and their profits from June 30, 1966 have been included in the consolidated statement of profit and loss for the year ended June 30, 1967.



FINANCIAL COLLECTION AGENCIES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. PRINCIPLES OF CONSOLIDATION

The accounts of the United Kingdom and United States subsidiaries are included on the basis of one pound sterling equalling three Canadian dollars and one United States dollar equalling 1.08 Canadian dollars.

GENERAL

5. Costs incurred in the course of issue of capital stock include a \$30,000 financial advisory fee.

6. Cash includes deposit receipts issued by the companies' bankers.

7. In accounts receivable are included commissions due primarily from major clients where collection services have been rendered. In the previous year these accounts were to a significant extent offset against accounts due to the same clients (funds held in trust for clients). It has been decided this year to report these items separately. This change does not affect the reported profits of the company.

8. Included with sundry accounts receivable are loans aggregating \$21,303 to employees to permit them to purchase shares in the company.

AUDITORS' REPORT

*To the Shareholders,
Financial Collection Agencies Ltd.*

We have examined the consolidated balance sheet of Financial Collection Agencies Ltd. and its subsidiary companies as at June 30, 1967 and the related consolidated statements of earned surplus and of profit and loss for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of some of the subsidiary companies not examined by us.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, the consolidated balance sheet and related statements of earned surplus and of profit and loss are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at June 30, 1967 and the results of the operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change presented on the notes to the financial statements with which change we concur.

GLENDINNING, JARRETT, GOULD & CO.
and **S. D. PORTNER**
Chartered Accountants
Joint Auditors

Montreal, August 25, 1967



FINANCIAL COLLECTION AGENCIES LTD.

HEAD OFFICE

EDIFICE F.C.A. HOUSE
4150 Sherbrooke Street, West
Montreal 6, P.Q.

EXECUTIVE OFFICES

Montreal, Toronto, Vancouver (Canada)
Philadelphia, (U.S.A.)
London, (U.K.)

OFFICES

UNITED STATES OF AMERICA

CITY	ADDRESS	TELEPHONE
Atlanta, Georgia	Suite 1903, Peachtree Center Building 230 Peachtree Street N.E.	577-3567
Baltimore, Md.	Suite 1155, 10 Light Street	837-7252
Boston, Mass.	Suite 310, Marshall Building, 15 Broad Street	523-8310
Cleveland, Ohio	Suite 1015, Terminal Tower Building, 50 Public Square	696-4844
Philadelphia, Pa.	Suite 1813, 1405 Locust Street	735-8536
Portland, Oregon	Suite 317, Platt Building, 519 S.W. Park Avenue	223-5171
Seattle, Washington	Suite 2107, Northern Life Tower, Third & University	623-6761

UNITED KINGDOM

Birmingham	York House, Great Charles Street	CEN 5127/8
Bristol	37 Queen Square	23081/2
Leeds	Yorkshire House, Greek Street	35721/2
London S.W.1.	60 Buckingham Palace Road	SLO 6231/2
Manchester	Third Floor, West Wing, Brazennose House, Brazennose Street	832-3384/5/6

Offices (Continued)

CANADA

CITY	ADDRESS	TELEPHONE
Newfoundland		
St. John's	Suite 28, 226 Water Street	726-8520
Nova Scotia		
Halifax	Suite 220, 1657 Barrington Street	429-9160
Sydney	Suite 3, 327 Charlotte Street	539-1232
New Brunswick		
Fredericton	Suite 301, 14 Westmorland Street	454-3393
Moncton	380 St. George Street	389-2418
Saint John	Suite 380, 110 Crown Street	657-3434
Prince Edward Island		
Charlottetown	Suite 304, 159 Kent Street	892-3504
Quebec		
Montreal	Edifice F.C.A. House, 4150 Sherbrooke Street, West	931-6411
Quebec	Suite 222, 785 De Salaberry	529-9481
Rimouski	24 Avenue Cathedrale	723-9274
Sherbrooke	Suite 103, Royal Building, King & Camirand	569-9864
Ontario		
Hamilton	Suite 211, 50 King Street, East	528-9881
Kingston	Suite 203A, 837 Princess Street	546-6611
Kitchener	Suite 201, 251 King Street, West	745-7307
London	Suite 24, 170 Dundas Street	438-8347
Oshawa	Suite 307, 86 King Street, East	576-1340
Ottawa	Suite 301, 270 Laurier Avenue, West	235-1831
Port Arthur	Suite 1, 8A-N Cumberland Street	344-3518
St. Catharines	Suite 201, 61 James Street	682-6676
Sault Ste. Marie	Suite 2, 719 Queen Street, East	253-3274
Sudbury	Suite 102, 164 Elm Street, East	673-8462
Toronto	Suite 700, 500 University Avenue	364-4151
Windsor	Suite 203, 33 University Avenue, West	254-6444
Manitoba		
Brandon	Suite 11, Bass Building, 110-10th Street	729-6413
Winnipeg	Suite 209, 336 Portage Avenue	942-7544
Saskatchewan		
Moose Jaw	Suite 2, 60 High Street	692-6457
Prince Albert	101 Financial Building, 12th Street, East	764-1426
Regina	Suite 3, 1846 Scarth Street	522-6624
Saskatoon	710 Financial Building, 22nd Street	652-7712
Alberta		
Calgary	Suite 712, 7th Floor, 217-7th Avenue S.W.	263-2890
Edmonton	Suite 214, 10156-101 Street	429-5821
Lethbridge	Suite 328, 6th Street South	328-6671
British Columbia		
Kamloops	Suite 11, Woodward's Tower, 74 West Seymour Street	374-1484
Prince George	Suite 205, Mark V Building, 1320 5th Avenue	563-0302
Vancouver	Suite 201, Fraser Building, 540 Seymour Street	683-0331
Victoria	Suite 205, 1106 Cook Street	388-4494

